

PressRelease

UE-001014No. 17

July 31, 2000

FOR IMMEDIATE RELEASE

Commission orders further negotiations for PSE, customers

OLYMPIA, Wash. - Bellingham Cold Storage and Puget Sound Energy must negotiate to resolve their electricity price woes, state regulators said today. Similarly, Georgia-Pacific West and Puget must negotiate, according to the terms of their contract. If negotiation fails, possible changes in their electricity contract will be considered in an upcoming hearing.

In a ruling issued today, the Washington Utilities and Transportation Commission (WUTC) recognized the difficult circumstances faced by the two major employers and their communities, but pointed out that the “predicament is the direct result of their own management decisions.”

The two industrial customers are served by Puget Sound Energy under contracts they requested and that were approved by the commission in 1996. The contracts provide that their electricity is priced based on an index of the wholesale power market and that Bellingham Cold Storage and Georgia-Pacific West accepted the risk of price volatility. The customers apparently did not take steps to manage those risks, such as buying a hedge against volatility.

The commission denied a request by Cold Storage and Georgia-Pacific that it order, without a hearing, emergency relief in the form of immediate modifications to the customers’ electricity contracts with Puget Sound Energy. The commission found that, in the absence of the opportunity for PSE and other parties to present evidence, it did not have the factual or legal basis to grant the relief requested at this time.

Many of the facts in the case appear to be in dispute and the various parties affected by the case need the opportunity to respond, noted the order. In addition, significant issues may be involved including whether costs or risks would be shifted to other residential and business electricity customers.

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Today's decision leaves intact the companies' existing complaint regarding its contract with Puget Sound Energy. A formal hearing on the complaint is scheduled for October 5 in the WUTC headquarters in Olympia. All parties agreed to the schedule.

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